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ABSTRACT

Demographic and socioeconomic changes are reshaping the fortunes of small communities and pose policy issues. Such communities find it especialy difficult to deal with rapid growth or decline, or a switch from one to the other. Small communities now enjoy greater autonomy, but at the cost of reduced federal aid. Freed from federal mandates, each community has been thrown far more on its own resources to manage its own growth or decline. For each situation there are separate questions. For rapidly growing communities: How much local population growth is desirable? Are growth and its effects predictable? How much will growth cost, who should pay for it, and how? For declining communities: How can local facilities and services be scaled down in an orderly fashion? How are cutbacks to be decided, and which services are to be reduced for whom? For all communities: Are there predictable changes in service demands as population changes, or as types of residents change? What type of economic growth is best? How should communities equip themselves to plan for, and adjust to, change? One useful role for a rural development strategy for the 1980's would be to assist state and local governments in finding answers to these questions. (Author/BRR)

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PREFACE

This Note is a revised version of an overview paper presented at the national rural symposium on "Rural Governments in a Time of Change: Challenges and Strategies." The symposium, which was organized by the U.S. Department of Agriculture and the Rural Governments Coalition, was held March 29-31, 1982, at the Wingspread Conference Center, Racine, Wisconsin.

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SUMMARY

This paper surveys demographic and socioeconomic changes that are reshaping the fortunes of small communities, and some of the policy issues they will pose. Local population change has always confronted nonmetropolitan communities with problems. Such communities, with usually limited facilities and financial resources, find it especially difficult to deal with rapid growth or decline, or a switch from one to the other.

With the reduction of federal intervention in local affairs, small communities now enjoy greater autonomy, but at the cost of reduced federal aid. Each community, freed from federal mandates, has been thrown back far more on its own resources to manage its own growth or decline.

These prospects confront local governments with the following questions:

For rapidly growing communities:

1. How much local population growth is desirable?
2. Are growth and its effects predictable?
3. How much will growth (i.e., the public facilities and service it implies) cost? Who should pay for it, and how?

For declining communities:

4. How can local facilities and services be scaled down in an orderly fashion?
5. How are cutbacks to be decided, and which services are to be reduced for whom?

For all communities:

6. Are there predictable changes in service demands as population growth or decline accelerates, or as types of residents change?
7. What type of economic growth is "best" in an area?
8. How should communities equip themselves to plan for, and adjust to, change?

One useful role for a rural development strategy for the 1980s would be to assist state and local governments in finding answers to these questions.

There are other broader challenges ahead that such a strategy might address:

- Given the changing configuration of population settlement in nonmetropolitan areas, how should local governments band together to provide services on a more efficient regional basis--for example, establishing a computerized dispatching system or forensic laboratory for police departments? What types of special-purpose districts and co-financing arrangements are necessary?

- Given stiffer competition for state funds, how can local governments organize to register their needs more effectively?

- How can the rapidly changing migration shifts that are transforming the nonmetropolitan areas be monitored and their implications foreseen on a timely basis?

As local governments find themselves challenged to move under their own power in directions of their own choice, all will need navigational assistance to help them chart a course that is realistic and desired. A rural development strategy should provide that guidance and direction.

I. INTRODUCTION

Three noteworthy developments have transformed the sociopolitical environment of small communities and their governments. Two of them are recent, stemming from the Reagan Administration's redirection of domestic policy: first, the era of fiscal austerity and retrenchment produced by cuts in intergovernmental transfers and the spread of fiscal limitations in the late 1970s; and, second, the transfer from the federal purview downward of responsibility for discerning and dealing with local needs.

The third development is changing demographics, most notably the renewed vitality of many nonmetropolitan areas. For much of this century, people had been leaving the nation's rural areas and small towns and flocking to the big cities. By the 1970s, though, this tide had turned the other way, bringing about a new exodus--this time, one from the large metropolitan centers. The result has been sudden--and often unanticipated--growth in many of the nation's smaller cities and rural communities, even as others have languished, continuing to suffer the consequences of economic and demographic decline.

The emerging strengths now exhibited by some nonmetropolitan areas foreshadow expanding demand for publicly provided services and imply new opportunities for rural economic and social development. The redirection of domestic policy, however, is imposing new fiscal and service delivery burdens on all localities, both growing and declining. These burdens call for new ways of thinking about local government roles and responsibilities and, perhaps, a new policy at the federal level.

The outlines of such a policy are still indistinct, but the Secretary of Agriculture's remarks foreshadow an emphasis on the following points:[1]

- o A focus on "genuinely rural" communities;
- o Farming as an integral part of rural development;
- o Technical information and knowledge transfer to strengthen the role of state and local government in rural development;
- o Heavier reliance on private sector development initiatives and participation.

Our purpose in this paper is to review the more important demographic and socioeconomic changes that are reshaping the fortunes of small communities and to highlight some of the leading policy issues they will pose. These issues can be grouped under three headings:

For rapidly growing communities:

1. How much local population growth is desirable?
2. Are growth and its effects predictable?
3. How much will growth (i.e., the public facilities and services it implies) cost? Who should pay for it, and how?

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[1]Source: Remarks prepared for delivery by Secretary of Agriculture John R. Block at a meeting on rural development, Washington, D.C., October 27, 1981. In late October 1981, Secretary Block transferred the Department's rural development policy function from the Farmers Home Administration and elevated it to the Office of the Under Secretary for Small Community and Rural Development.

For further detail on the likely directions of future policy, see U.S. Department of Agriculture (1982).

For declining communities:

4. How can local facilities and services be scaled down in an orderly fashion?
5. How are cutbacks to be decided, and which services are to be reduced for whom?

For all communities:

6. Are there predictable changes in service demands as population growth or decline accelerates, or as types of residents change?
7. What type of economic growth is "best" in an area?
8. How should communities equip themselves to plan for, and adjust to, change?

Although these issues are not all new, the increased diversity of population trends in nonmetropolitan areas has made them trickier to deal with.

In the following sections, we briefly review these trends and aspects of this diversity. We then trace their implications and suggest several possible directions for national policy.

II. FIVE KEY DEMOGRAPHIC TRENDS

Most of the nation's communities, whatever their differences, are undergoing common demographic transformations. These developments are not all materializing everywhere at once, nor are they confined just to nonmetropolitan areas. For the most part, they are national in scope, and all communities, whatever their size, should be alert to them.

1. The shrinking size, increasing number, and growing variety of households. For many purposes, households (instead of people) are the basic units that local governments serve. Not only are these units becoming more numerous, but they also are splintering into smaller and more varied configurations of people. Imagine a typical household in the 1960s: a married couple and their three teenagers--five people under one roof. These same five people would likely be spread out over several households today--the parents perhaps separated, and the children established in households of their own. The statistical result is that there are more households to count than before, but of diminished size, and further shrinking is in store (Fig. 1).

But averages tell only part of the story. Households are changing in composition as well as size (Fig. 2). Families are having fewer children (typically one or two, versus three or four a generation ago); one-parent families are becoming more commonplace; and increasingly, people are opting to live alone in separate households.

Both nonmetropolitan and metropolitan areas have been registering these changes in how the population groups itself, although within nonmetropolitan America the changes are more pronounced in the highly

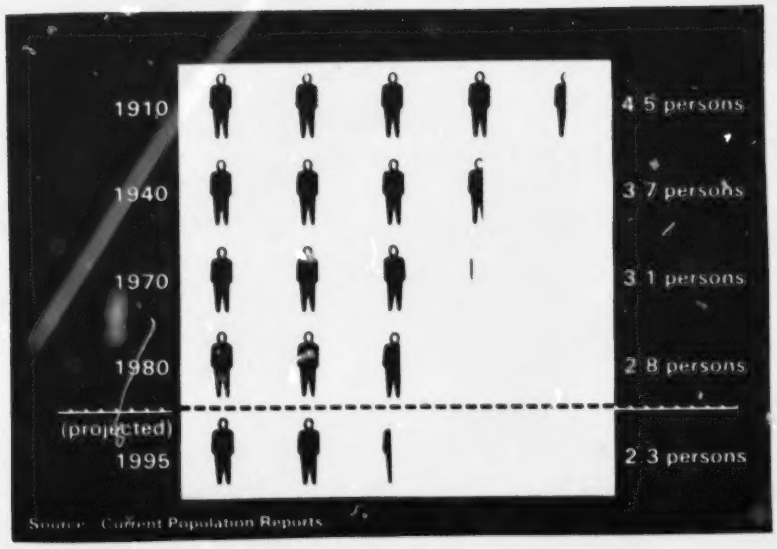

Fig. 1--Average Household Size is Shrinking

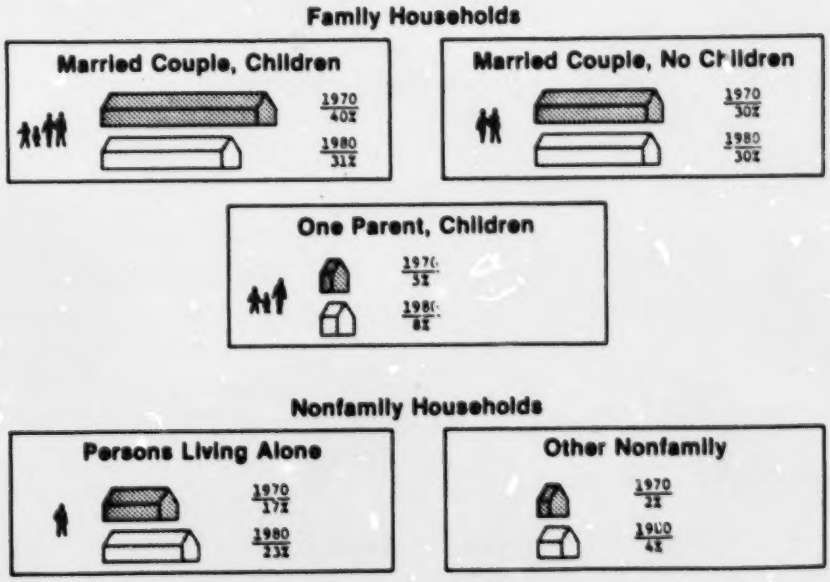

Fig. 2--Household Living Arrangements are Changing Rapidly

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urban areas (i.e., the nonmetropolitan cities) than in villages and towns. The changes will alter public service demands, modes of service delivery, and local residents' capacity to finance services--everything from how much trash the average household generates to how often paramedics are called on to handle health emergencies. Depending on whether they have children, an influx of newcomers into a community may or may not increase the demand for school facilities and child-care centers, but it should enlarge the tax base. The trend toward smaller (but more numerous) households generally will intensify pressure on local housing markets, and any sizable influx may require additional police and fire protection, street lighting and maintenance, sewage treatment facilities, and the like. It is important that local officials comprehend how these transformations are manifested in their communities so they can prepare for them. New ways of monitoring the magnitude and timing of local demographic change will be needed; in an era of shrinking household size, the time-worn method of inferring changes in population size by counting occupied dwelling units will no longer suffice.

2. The shift of wives into paid employment. At present, slightly over half of all married women in the U.S. hold paying jobs (compared with one-fourth in 1950). The sharpest rise has been registered by mothers with preschool children. Married women go to work earlier in life; they continue to work after children arrive. Indeed, much of the employment growth in nonmetropolitan areas has been among rural women, whose labor force participation has risen faster than that of women in metropolitan areas. Rural women's jobs and earnings have substantially

increased the proportion of dual earner families and narrowed the income gap between nonmetropolitan and metropolitan areas.

The implications here are important and far-reaching. A second salary helps to boost household spending; it also cushions the blow when either spouse loses a job, which may in turn lessen out-migration from rural areas. But the shift of wives into paid employment also makes for "busier" families, whose individual adult members will be trying to conserve their scarcest resource--free time. Working couples, therefore, may be willing to "buy" time for themselves by paying for services they formerly would have "produced" at home (e.g., child care) or by paying the costs of weekend or after-hours services (e.g., recreation activities for children following normal school hours).

3. The pressures of a changing age profile. Population growth intensifies the demand for public services. Many service demands, however, are linked to the size of specific age groups, which may be expanding or contracting quite independently of the total population. School-age children and elderly people, in particular, are more "service-intensive" than other age groups.

The baby boom and subsequent bust have left a legacy of uneven growth and decline in different age ranges. As seen in Table 1, a hypothetical community whose population increased at exactly the 11 percent national rate during the 1970s would have experienced a 14 percent shrinkage among 5-to-14-year-olds (prospective students), a 49 percent increase in 25-to-34-year-olds (prospective home buyers), and a 28 percent increase in persons 65 and older (heavy consumers of health care). The outlook for the 1980s again underscores the unevenness of change for different age groups.

Table 1

UNEVENNESS OF CHANGE AT DIFFERENT AGES

Age Group (years)	% Change During: 1970s	1980s
5-14 (pupils)	-14	+8
25-34 (homebuyers)	+49	+14
65+ (retirees)	+28	+20

These wide variations, which arise from the uneven concentration of population at certain ages, foreshadow fluctuating service demands and strains on local housing markets and municipal retirement programs. Housing demand, for example, will continue to be fueled through the end of the 1980s by the baby-boom generation's passage through the prime home-buying ages. Looking further ahead, the ranks of the elderly will begin to expand sharply just 30 years from now, when the baby-boom generation begins to turn 65. That development will greatly intensify the current stresses on the health care system and on public retirement programs that are funded on a pay-as-you-go basis. These age changes are not occurring uniformly throughout nonmetropolitan America. The sharpest rises in the population's median age have been in the nonmetropolitan cities; median age in rural areas, by contrast, has barely risen at all. Thus, the pressures and stresses in store may be centered more on nonmetropolitan America's cities than its towns.

4. The population's rearrangement among regions. During the 1970s, migration caused a good deal of national interior redecorating,

most frequently characterized as the shift from "snowbelt" to "sunbelt." Figure 3 is an up-to-date picture of this shift, based on the newly issued 1980 Census data. These shifts produce wide variations in regional context and setting: Growth appears in some places and disappears in others, depending largely on where migrants choose to locate.

As people continually move around, subtracting growth here and adding it there, they realign public service demands and governmental responsibilities for meeting them. A major implication, therefore, of the population's regional redistribution is that localities must formulate their own individual strategies for building on whatever advantages their regional setting affords, or overcoming whatever liabilities that setting may impose.

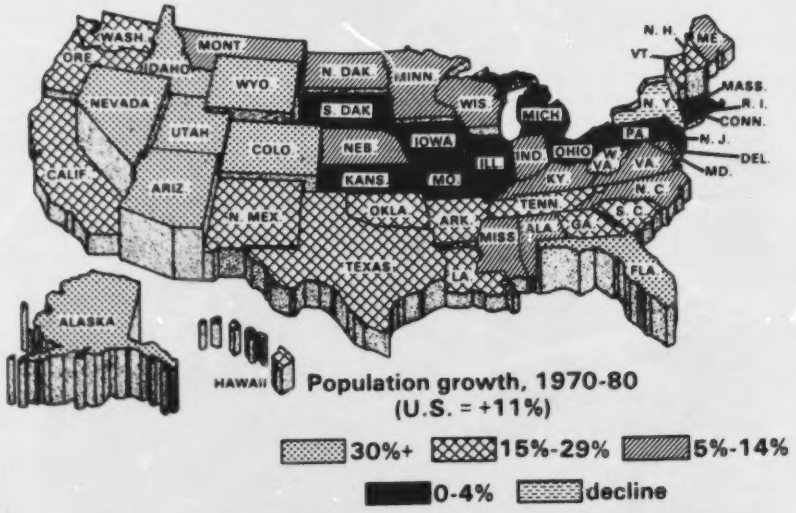

Fig. 3--The Shift to the Sunbelt, 1970-80

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5. The growing popularity of smaller communities. Population growth in some regions and its disappearance in others is, of course, one important form of spatial rearrangement that is shaping the fortunes of individual communities, but it is not the only important one. Migrants have not only headed for the South Atlantic, South Central, and Mountain States but are also being attracted to smaller communities in all regions, even those with overall population decline. Here again, locational choices are realigning public service demands and governmental responsibilities for meeting them.

The shift toward smaller communities is evidencing itself in several ways suggested by the data in Fig. 4.[1] In metropolitan areas, population growth is slowing (and in some regions even disappearing) in the very large centers; by contrast, it is accelerating in smaller ones, particularly those with under a half-million population--places like Austin, Texas; Bismarck, North Dakota; Richland, Washington; Fayetteville, Arkansas; and Nashua, New Hampshire, to cite a few.

Population growth has sprawled outward beyond the metropolitan fringe, creating widening zones of growth in nonmetropolitan areas within commuting distance of major metropolitan centers. Still farther out, population is concentrating in small, free-standing nonmetropolitan cities and towns that are beyond commuting distance from metropolitan areas, and is also spreading out over the rural countryside. Although such growth may involve comparatively small numbers of people, the percentage impact on a community can be substantial.

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[1]For further detail, see Fuguitt et al. (1981); Long (1981).

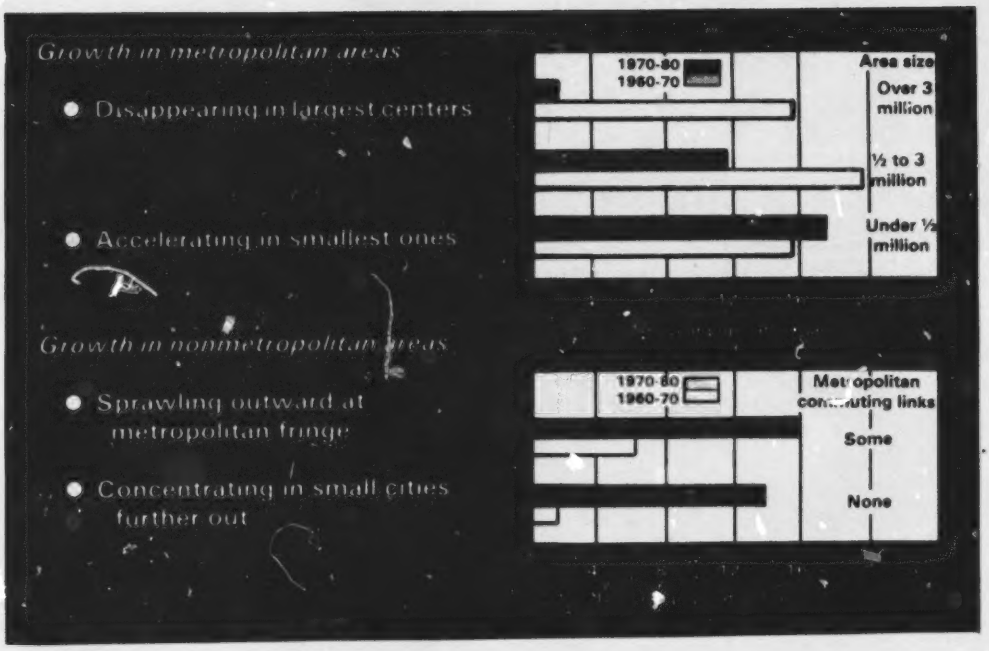

Fig. 4--The Shift Toward Smaller Communities

This redirection of growth toward smaller communities foreshadows sharp increases in local service demands by newcomers who expect to enjoy urban standards of service--which also will mean heavier local responsibility (under the new federalism) for meeting those demands.

The likely continuation of these five demographic shifts will noticeably transform American society by 1990:

- o Households: They will be more fragmented, smaller, and more diverse, averaging 2.5 persons per household. A higher fraction will be headed by women (nearly 30 percent versus 26 percent in 1980).

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- o Working wives: In close to three-fifths of married couples, both spouses will be wage-earners.
- o Age structure: There may be too many middle-age workers (35-to-44-year-olds) but too few workers in their early 20s.
- o Regional shifts: The regional geography of growth and decline will continue to shape the fortunes of individual communities. Population growth likely will range from at least 3 percent annually in the Mountain States to about 1/2 percent annually in the lower Great Lakes and Middle Atlantic States.
- o Growth of smaller communities: Growth outward from existing metropolitan centers will continue, as will the coalescence of population farther out into "miniature cities."

In short, the outlook is for continued diversity in rural America, as growth emerges or accelerates in some places while others stand still or decline. In the next section, we take a closer look at the diversity.

III. ASPECTS OF DIVERSITY

Population changes in nonmetropolitan areas have proven to be extraordinarily diverse, and that diversity bears centrally on the logic and design of any strategy for rural development in the 1980s. The forces generating growth in one area may be of little consequence in another. Moreover, growth is far from ubiquitous in nonmetropolitan America: Roughly one-fifth of nonmetropolitan counties are not growing, and much of the Great Plains, the Central Corn Belt, and the Mississippi Delta continue to experience out-migration and relatively sharp declines in population.

Where growth has accelerated, the underlying circumstances are far from uniform:

- Some people are following the jobs offered by decentralizing industries, as in the Southeast;
- Job seekers are being drawn by energy extraction activities, which have generated new growth in many parts of the West and rejuvenated growth elsewhere, as in the Appalachian coal fields;
- People are moving to areas rich in amenities for tourism and recreation, as in Northern New England, Upper Michigan, and California's Sierra Nevada foothills;
- They are moving as retirees to smaller communities, where it is possible to combine a low cost of living with escape from big-city woes.

Whether people follow jobs or, by their presence, generate new ones, these changes stimulate a mutually reinforcing cycle of growth. New jobs help communities to keep their existing residents and attract newcomers. The population becomes larger and more affluent. The expanding economy attracts the providers of goods and services. Gathering momentum, the process of growth continues, expanding employment and drawing still more newcomers.

Migrants are attracted to nonmetropolitan areas by their amenities and lower living costs. Although these are private concerns, they have public consequences for the communities where the migrants go. Often, newcomers bring with them big-city expectations regarding standards of service and care; they also may avail themselves of local services more readily than oldtimers do. Parents may expect the local school district in small-town Maine to provide as complete a curriculum as their children enjoyed in Boston, even if the district includes only one or two schools. And although they may idealize Norman Rockwell's paintings of the old-fashioned horse-and-buggy doctor, when they get sick they want an emergency room and a cardiovascular specialist right away.

For those nonmetropolitan areas still recording substantial migratory loss, the problems are different but all too familiar: Sustained outmigration typically drains away the more highly qualified--the young, the educated, and the skilled--leaving behind many older workers who are often undereducated and underskilled relative to contemporary job needs. As a result, the area becomes less attractive to new industries that require a supply of skilled workers, and the area's competitive position erodes further.

As the governments of rural communities are thrown back on their own resources for managing their affairs, no single "standard approach" will fit their diverse needs and circumstances. Clearly, there are emerging strengths in some nonmetropolitan areas, strengths that imply new opportunities for economic development which did not exist a decade or two ago. There is also chronic decline, with its attendant problems.

Three aspects of this diversity merit close consideration: (1) differences in location and settlement, (2) regional differences, and (3) differences in economic activity.

LOCATION AND SETTLEMENT

Rural communities enjoy widely varying degrees of accessibility to the national metropolitan economy and susceptibility to urban influence. Some nonmetropolitan counties (e.g., those in the Northern Great Plains) are both sparsely settled and remote from metropolitan areas. Such counties lack cities of any notable size; typically, their inhabitants reside in very small towns at least several hours' driving time from a metropolitan area. Thus, their susceptibility to urban influence is minimal, and their remoteness precludes their being reached by metropolitan sprawl, the principal external source of urban influence.

In other regions (e.g., New York State and other parts of the Northeast), the population tends to cluster in sizeable urban centers (e.g., 10,000 to 40,000 inhabitants) within nonmetropolitan counties that are adjacent to one or even several metropolitan areas. In effect, cities and towns in such counties "borrow" size from neighboring metropolitan centers, thereby attaining access to a wider range of services and amenities.

Currently, the handiest yardstick of urban influence is a typology, devised by USDA's Economic Research Service, that forms a continuum of six nonmetropolitan county types shown in Table 2. This continuum describes a dimension of urban influence in which each succeeding grour is affected to a lesser degree by the social and economic conditions of urban areas. This includes the influence of urban areas at a distance as well as within the counties themselves.[1]

Table 2

SCALE OF URBAN INFLUENCE FOR NONMETROPOLITAN COUNTIES

County Type	Description
1. Urbanized, adjacent	Counties contiguous to SMSAs and having 20,000 or more urban residents*
2. Urbanized, not adjacent	Counties not contiguous to SMSAs and having 20,000 or more urban residents
3. Less urbanized, adjacent	Counties contiguous to SMSAs and having 2500 to 19,999 urban residents
4. Less urbanized, not adjacent	Counties not contiguous to SMSAs and having 2500 to 19,999 urban residents
5. Thinly populated, adjacent	Counties contiguous to SMSAs and having less than 2500 urban residents
6. Thinly populated, not adjacent	Counties not contiguous to SMSAs and having less than 2500 urban residents

*"Urban residents" are people who live in incorporated or unincorporated places or townships of at least 2500 inhabitants.

[1]U.S. Department of Agriculture, Office of the Secretary, Rural

REGIONAL DIVERSITY

The renewed growth in nonmetropolitan areas also exhibits regional diversity, although conventional regional delineations (e.g., Census regions or divisions) which are based on state boundaries mirror this diversity rather poorly. The system of subregions formulated and applied by Calvin L. Beale and his associates at USDA, shown in Figure 5, is considerably more revealing. Beale's subregions divide the nation into 26 economically and culturally distinct groupings of counties (irrespective of state boundaries) that reflect distinct regional resource endowments, economic activities, and forms of human settlement.[2]

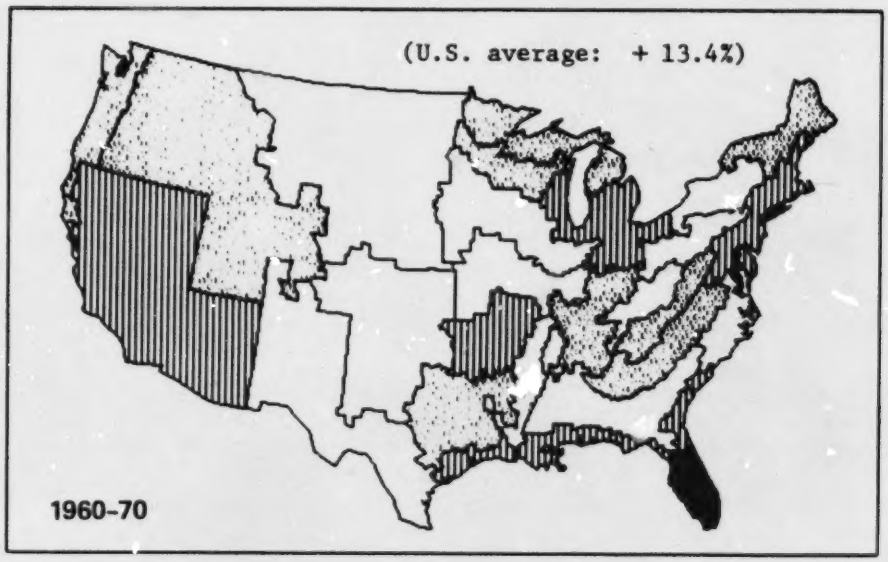
Figure 5, which depicts population change in the more remote (nonadjacent) nonmetropolitan counties of these 26 subregions, illustrates the usefulness of USDA's urban influence scale and Beale's regionalization when used in conjunction. These data (kindly furnished by Beale) underline two points: first, that the trends over the past two decades have changed dramatically in these more remote areas, and second, that considerable subregional diversity remains.

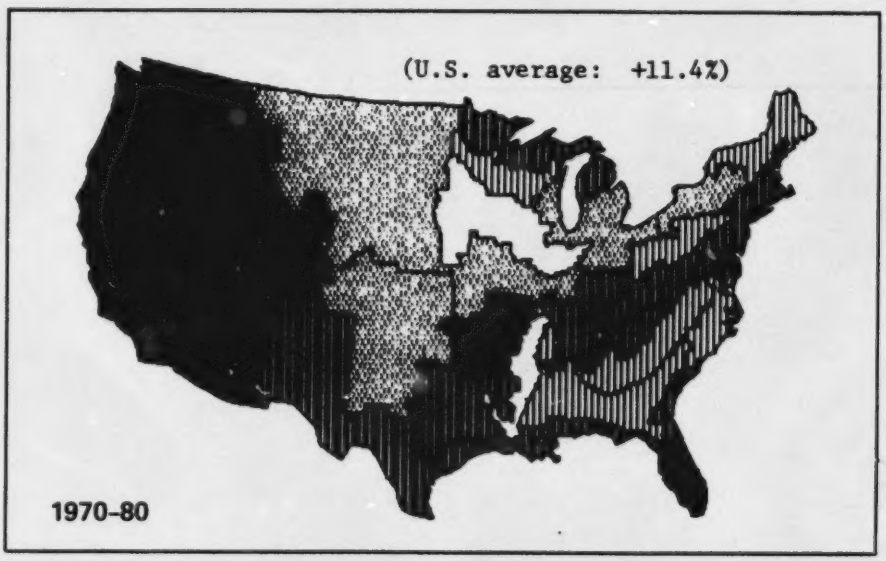
DIVERSITY OF ECONOMIC ACTIVITY

The third noteworthy aspect of diversity has to do with the economic activities under way in nonmetropolitan areas. These activities can be classified under two broad headings.

Development Goals, First Annual Report of the Secretary of Agriculture to the Congress, 1974, p. A-1.

[2]Further detailed descriptions of these individual subregions are given in Beale's "A Characterization of Types of Nonmetropolitan Areas," in Hawley and Mazie (1981), pp. 54-70.





RATE

TWICE AVERAGE
ABOVE AVERAGE
NEAR AVERAGE
BELOW AVERAGE
NONE OR NEGATIVE

NOTE: "U.S. average" refers to total metropolitan and nonmetropolitan population.
SOURCE: Unpublished tabulations furnished by Calvin L. Beale, USDA.

Fig. 5 — Comparative population change rate in nonmetropolitan counties not adjacent to metropolitan areas, 1960–70 and 1970–80

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- o Industrial Trends. Included here are: (1) decentralization of manufacturing in response to the generally lower costs of transportation, land, and labor in nonmetropolitan areas; and (2) the revival or expansion of energy extraction, and highly localized, large-scale, energy-related industrial development, often in remote locations.
- o Recreation and Leisure Activities. These include: (1) the trend toward earlier retirement and semi-retirement, which has multiplied the ranks of retirees and lengthened the interval during later life when a person is no longer tied to a specific place by a job; (2) new sources of retirement income, which have expanded retirees' roles as consumers, thereby creating jobs for others wherever the retirees go; and (3) an increased orientation at all ages toward outdoor leisure activities, often in amenity-rich areas outside the daily range of metropolitan commuting.

Each one of these trends is contributing to the expansion of nonmetropolitan employment, not only in counties that rank high on USDA's urban influence scale but also in those that are least susceptible to urban influence. In-migrants bring with them new demands for goods and services and thus create new jobs, whether in a Sunbelt industrial park that is linked by truck and highway to the national market, or in an Ozark retirement community, a newly revived Appalachian coal town, or a Maine resort area. Growing local prosperity induces existing residents to stay and attracts still more newcomers, who add further impetus to the economy.

Different types of economic activity, of course, have distinct and different implications for local revenues and expenditures. For example, a new industrial park or a large-scale mining site will generate new demands for public services; however, if in-migrants settle in one county but the park or mine is situated in a neighboring county (and hence lies outside the local taxing jurisdiction), there may be no source of additional revenues to support those demands. As another illustration, a large fraction of residential property in an area may consist of second homes on which their owners pay local property taxes but occupy them only a few months each year. Upon retirement, however, these owners may become year-round residents, perhaps tripling their own demand for certain local services (e.g., trash collection) but without contributing any more local tax revenues than they did before.

IV. POLICY IMPLICATIONS

Population growth and decline have always caused problems for nonmetropolitan communities. Decline is not a graceful process: A pronounced loss of people usually means a shrinking tax base, an anemic economy, and the splitting of generations in a family as young people seek their fortunes elsewhere; the transitions stir up contentiousness in a community. Conversely, rapid growth typically demands changes in scale--e.g., replacing a volunteer fire brigade with a full-time fire department--or demands the crossing of technical thresholds, as when the property-tax assessor's office has to convert from manual to computerized procedures.

Whatever the impacts, they are especially difficult to accommodate in smaller communities with their typically limited facilities and financial resources.

Regardless of how these difficulties were handled in the past two decades, local governments will find them different, and probably more difficult, in the future. In the 1960s and 1970s, local governments experienced unprecedented growth, fueled largely by federal and state aid. Accompanying that growth, however, was a virtual blizzard of federal mandates dictating various standards--for affirmative action, energy conservation, environmental protection, and so forth. Such mandates considerably reduced local governments' flexibility and autonomy in setting service levels and accommodating change.

With the recent reduction of federal intervention in local affairs, small communities now enjoy greater autonomy, but at the cost of reduced

federal aid. Freed from federal mandates, they have been thrown back far more on their own resources to manage (as best they can) their own growth or decline.

Federal policy now faces a challenge: To enable states and localities to cope more effectively with the diverse local circumstances being generated by changing demographics.

SOME IMPORTANT ISSUES

Given these future differences and difficulties, what questions should a local government be asking itself? We would suggest at least the following:

For rapidly growing communities:

1. How much local growth is desirable? Population growth has traditionally been viewed as a sign of health, and the benefits of growth will usually exceed its costs for those communities with underutilized service capacity. Rapid growth, however, often strains existing facilities, putting pressure on communities to construct new ones and otherwise finance higher service levels. Serious fiscal problems can then arise if local public revenues are not growing fast enough to meet the new demands. Worse yet, the wave of fiscal limitation measures that has swept the country in recent years means that in some states, rapidly growing communities will be formally restricted in how much they are allowed to increase revenues or expenditures to service their growing populations (see Menchik et al., 1982). Should a community try to limit growth to some manageable level, or perhaps to halt it entirely? Should it

strive to channel growth via land use policy or the construction of public facilities like industrial parks or recreation centers?

2. Are growth and its effects predictable? Is it possible to foresee how much--or even whether--a community's population will grow over the next 5, 10, or 15 years, and what that predicted level of growth implies for future expenditures? Because growth is far more volatile--hence less predictable--in small communities than in large cities, long-range forecasting for any particular community is usually an exercise in futility. Moreover, the effects of added growth may be subtle and their implications for revenues and expenditures uncertain. For example, construction of a new plant may increase public service demands immediately, but the revenues to support those services may not keep pace.

3. How much will local population growth (i.e., the public facilities and services it implies) cost? Who should pay for it, and how? Local governments must consider the expenditure implications of growth, given its inevitable strain on existing capacity. They also must decide who is to pay those costs--existing residents or newcomers. Traditionally, the former subsidized the latter with respect to community infrastructure, in the belief that rising property values and thus total revenue would offset the subsidy. Long-time residents, however, may resist subsidizing the installation of public utilities for a new development occupied mostly by affluent newcomers. If newcomers are to be assessed the marginal costs

of their settlement, local governments must consider how to link those costs to the people who generate them--whether through property taxes, development or user fees, or some other revenue source. A local community survey is one means of informing such decisions about who should pay, and how.

For declining communities:

4. How can local facilities and services be scaled down in an orderly fashion? Declining communities face a dilemma: As the population shrinks, the per capita costs of providing existing services usually rise faster than the capacity of remaining residents to cover those costs. Such communities must find alternative ways of providing services, e.g., through consolidation and cofinancing with neighboring communities or larger governmental units. Also, a community that is losing taxpayers still remains obligated to pay the costs of pensions, debt service, and other uncontrollable expenditures that were incurred in earlier years.
5. How are cutbacks to be decided, and which services are to be reduced for whom? Retrenchment is a more commonplace concern in declining communities. Across-the-board cuts are easiest politically but ignore community priorities. Reduction by attrition is the least painful approach but is arbitrary in its effects. Federal and state mandates on minimum standards of acceptable service often restrict local flexibility in attempting to reduce services without foreclosing the possibility of future recovery.

For all communities:

6. Are there predictable changes in service demands as population growth or decline accelerates, or as types of residents change? A small community faces special difficulties in adjusting to accelerating growth. With a small population base, it is vulnerable to large relative changes produced by small absolute numbers of newcomers. Decline may be equally precipitous if, for example, a large plant is closed. The extent and duration of sudden growth or decline cannot ordinarily be foreseen with much certainty. Nevertheless, such changes require foresight in capital planning and budgeting, particularly in view of potential time lags between the onset of demand for services (e.g., public thoroughfares) and the availability of revenues to pay for them (e.g., through a tax on gasoline sales).

7. What type of economic growth is "best" in an area? The choices available are more varied than ever before--recreation activity, high-technology white-collar industry, heavy manufacturing, energy resource extraction, catering to retirees, and others. Given the emerging strengths and new opportunities for rural economic development, each community must assess its own comparative advantages in seeking to attract alternative activities. It also should examine the potential impacts those activities may have on local revenues and expenditures. The large-scale construction projects that often accompany energy or mineral extractive development may generate front-end financial and social problems associated

with an initial rapid influx of temporary workers. Development based on recreation and tourism may create seasonal adjustment problems where the community must develop sufficient infrastructure and service facilities to handle a peak-season population.

8. How should communities equip themselves to plan for, and adjust to, change? Local planning to accommodate population change requires timely and accurate monitoring. Such yardsticks as the urban influence scale (shown in Table 1) and the system of 26 subregions (shown in Fig. 5) are essential for discerning what is happening. However, few small communities have the resources to develop an adequate monitoring capability, and forecasts based on overall national trends can be extremely misleading in an era of increasing population diversity. If local governments are to satisfy their planning needs, they will have to develop new approaches and make fuller use of technologies that can facilitate the application of data and analysis to local areas. Possible solutions include: pooling resources with similar communities to hire circuit-riding experts who will service a number of communities; strengthening substate regional organizations to provide planning and technical assistance to multi-community areas; and working with private-sector sources, such as public utilities.

One useful role for a rural development strategy for the 1980s would be to assist state and local governments in finding answers to these questions. Even when the answers are unpleasant, it is useful to know them. For example, the question as to our ability to forecast local

population change over a ten- or twenty-year time horizon can be answered with considerable and regrettable certainty: Demographers have no demonstrated ability to do so, certainly not for a particular community. We have had enough demographic surprises in the past 20 years to make caution advisable.

That may be an unwelcome assertion; nevertheless, it has important strategic implications for local governments that have to deal with population change. There are two broad types of expenditures local governments must make: (1) current outlays (e.g., for park maintenance or staffing a local health clinic) that can be adjusted as demand changes; and (2) long-life capital investments (e.g., for a water system or sewage treatment plant), where the community will likely end up with either a surplus or a shortage of capacity. Uncertainty about future population suggests that a key operating principle for small localities ought to be: Favor flexible current outlays over "lumpy" investments. Some illustrations include:

- Modular infrastructure investment: A small growing community that has outgrown its sewage disposal plant might better expand capacity by adding small-scale waste treatment systems incrementally (like adding neighborhood fire stations) rather than by constructing a single large-capacity system scaled to accommodate a future population whose size cannot accurately be foreseen. Similarly, it might favor renting several bookmobiles instead of constructing branch libraries.
- Contracting out for certain municipal services. The same community might contract with a higher level of government, a larger neighboring community, or even a private firm for trash

collection, street maintenance, or recreation services. By doing so, it might defer purchasing a second garbage truck or bulldozer or building a community swimming pool until their services are sure to be called for. Where there are not enough potential vendors of such services to induce sufficient competition, however, small communities may not be able to realize the potential benefits of contracting out.

BROAD CHALLENGES

There are other broader challenges ahead that a national rural development strategy might address:

- Given the changing configuration of population settlement in nonmetropolitan areas, how should local governments band together to provide services on a more efficient regional basis--for example, hiring circuit-riding professional managers to advise on budgets and accounting, or establishing a computerized dispatching system or forensic laboratory for police departments? What types of special-purpose districts and co-financing arrangements are necessary?
- Given stiffer competition for state funds, how can small communities organize to register their needs more effectively? Today's realities are such that each local government must be adept at making the case for its share of a shrinking fiscal pie. In doing so, it is competing with other communities, large and small, which may be better equipped to muster the necessary data to make their own case.

- How can the rapidly changing migration shifts that are transforming the nonmetropolitan areas be monitored and their implications foreseen on a timely basis?

The demographic forces reshaping the fortunes of small communities are like deep ocean currents. As local governments find themselves challenged to move under their own power in directions of their own choice, all will need navigational assistance to help them chart a course that is realistic and desired. A rural development strategy should provide that guidance and direction.

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